Top 25 Mortgage Servicers

Based on the Combined Mortgage Servicing Volume of Firms with More than One Servicing Subsidiary As of Dec. 31, 1985, Compared with June 30, 1985 (Dollar Amounts in Millions)

Compiled by **American Banker** Copyright 1986

Rank 12/85	Rank 6/85		Servicing Volume 12/31/85	Servicing Volume 6/30/85	Number of Subsidiaries 12/31/85	Number of Subsidiaries 6/30/85
1	2	GMAC Mortgage Co., Melrose Park, Pa.	$20,353	$19,339	...	...
2	1	Lomas & Nettleton Financial Corp., Dallas	19,720	20,245	...	...
3	**3**	**Manufacturers Hanover Corp., New York (a)**	**14,899**	**14,253**	**2**	**2**
4	**5**	**Citicorp, New York**	**14,265**	**11,243**	**2**	**2**
5	**4**	**Fleet Financial Group, Inc., Providence, R.I.**	**12,595**	**12,199**	**3**	**3**
6	**13**	**Commonwealth Savings Assn., Houston (b)**	**12,054**	**7,212**	**2**	**1**
7	6	Metmor Financial Inc., Los Angeles	11,332	9,729	...	...
8	7	Weyerhaeuser Mortgage Co., Los Angeles	9,844	9,115	...	...
9	**10**	**Bank of Boston Corp. (c)**	**9,598**	**7,694**	**4**	**3**
10	**23**	**Sears, Roebuck & Co., Chicago**	**9,205**	**5,521**	**2**	**2**
11	**9**	**Mellon Bank Corp., Pittsburgh**	**8,796**	**7,800**	**3**	**3**
12	**8**	**First Interstate Bancorp., Los Angeles**	**8,600**	**8,968**	**3**	**3**
13	12	Cameron-Brown Co., Charlotte, N.C.	8,221	7,369	...	...
14	**14**	**Meritor Mortgage Group, Philadelphia (d)**	**7,723**	**7,103**	**3**	**3**
15	**15**	**Goldome FSB, Buffalo, N.Y. (e)**	**7,059**	**6,662**	**2**	**2**
16	17	Kissell Co., Springfield, Ohio (f)	6,717	6,550	...	...
17	18	Sovran Mortgage Corp., Richmond	6,593	6,203	...	...
18	16	Anchor Mortgage Services, Inc., Wayne, N.J.	6,545	6,600	...	...
19	21	Chemical Mortgage Corp., Columbus, Ohio	6,362	5,949	...	...
20	20	Imco Realty Services Inc., Santa Rosa, Calif	6,186	6,057	...	...
21	22	Alliance Mortgage Co., Jacksonville, Fla.	6,037	5,839	...	...
22	19	BancPlus Mortgage Corp, San Antonio, Tex. (g)	6,001	6,105	...	...
23	24	Bowest Corp., La Jolla, Calif.	5,162	5,172	...	...
24	25	Talman Home Mortgage Corp., Chicago	4,987	5,143	...	...
25	28	New York Guardian Mortgagee Corp., Hempstead, N.Y.	4,873	4,607	...	...
		Dropping Out of the Top 25				
--	11	**BankAmerica Corp., San Francisco (h)**	**4,536**	**7,449**	**3**	**3**

For firms with more than one subsidiary (mortgage company or commercial bank) servicing mortgages for others, the combined servicing figure of these subsidiaries is used. The name of the parent company is shown in bold type. (a)—Servicing is performed by Manufacturers Hanover Mortgage Corp. and Manufacturers Hanover Trust Co., New York. Year end 1985 data do not include servicing done by Manufacturers Hanover Trust. Manufacturers Hanover Corp. is in the process of selling Manufacturers Hanover Mortgage Corp.to Fireman's Fund Insurance Cos. for $260 million cash. (b)— June data are for Commonwealth Mortgage Corp., Houston. On Aug. 8, 1985, Commonwealth Savings purchased 100% of the General Electric Mortgage Corp. stock from General Electric Credit Corp. General Electric Mortgage is now doing business as Commonwealth Western Mortgage Corp. (c)—RIHT Mortgage Corp., Charlotte, N.C., and its $1.5 billion servicing portfolio were acquired in Nov. 1985 when Bank of Boston acquired RIHT Financial, Providence, R.I. (d)—Meritor Mortgage Group is a subsidiary of Meritor Financial Group, Philadelphia. Meritor Financial Group was formerly known as PSFS— the name used by Philadelphia Saving Fund Society. (e)—Servicing is performed by Goldome Realty Credit Corp. and Goldome Mortgage Corp., St. Petersburg, Fla. Year end 1985 data do not include servicing done by Goldome Mortgage Corp. (f)—Its parent, PNC Financial Corp., Pittsburgh, is in the process of selling the company to CityFed Financial Corp., Palm Beach, Fla., the holding company for City Federal Savings & Loan Assn., Elizabeth, N.J., for $103.6 million. (g)—Formerly Richard Gill Co. On 12/31/85, BancPlus Savings Assn., Pasadena, Texas, acquired the servicing portfolio and all assets of Ricard Gill Co. (h)— BankAmerica has three mortgage servicing subsidiaries: Bank of America NT&SA; Seafirst Mortgage Corp., Seattle; and BA Mortgage & International Realty Corp. Year end 1985 data were not available for Bank of America, which had over $3 billion in servicing on 6/30/85.

The 10 Largest Gainers Among the Top 100 Mortgage Servicers

	(Dollar Amounts in Millions)	Servicing 12/31/85	Servicing 12/31/84	Percent Increase	Mtge. Rank
1	Mellon Financial Services Corp. #8, Cleveland	3,416	1,082	215.70	40
2	Independence One Mortgage Corp., Southfield, Mich.	1,886	600	214.51	74
3	Allstate Enterprises Mortgage Corp., Lincolnshire, Ill.	6,035	2,385	153.00	18
4	Knutson Mortgage & Financial Corp., Minneapolis	3,773	1,784	111.51	34
5	Imco Realty Services Inc., Santa Rosa, Calif.	6,186	3,108	99.04	16
6	Centar Capital Corp., Pennington, N.J.	1,495	844	77.17	95
7	Citicorp Homeowners Services, Inc., St. Louis	11,901	6,912	72.18	4
8	Firstier Mortgage Co., Omaha, Neb.	1,414	932	51.66	98
9	Equitable Mortgage Resource Inc., Clearwater, Fla.	2,623	1,730	51.59	55
10	Pacific First Mortgage Corp., Walnut Creek, Calif.	4,538	3,017	50.41	29

The 10 Largest Losers Among the Top 100 Mortgage Servicers

	(Dollar Amounts in Millions)	Servicing 12/31/85	Servicing 12/31/84	Percent Decrease	Mtge. Rank
1	Genstar Mortgage Corp., Glendale, Calif.	1,834	2,551	28.10	80
2	FBS Mortgage Corp., St. Paul, Minn.	1,844	2,498	26.18	79
3	Security Pacific Mortgage Corp., Denver	3,052	4,128	26.06	45
4	North American Mortgage Co., Houston	1,963	2,157	9.01	73
5	Midland Mortgage Co., Oklahoma City	2,428	2,610	7.00	57
6	Crocker Mortgage Co., Inc., San Diego, Calif.	3,126	3,300	5.29	43
7	Talman Home Mortgage Corp., Chicago	4,987	5,166	3.46	23
8	Gilldorn Mortgage Midwest Corp., Schaumburg, Ill.	2,306	2,371	2.76	59
9	Kissell Co., Springfield, Ohio	6,717	6,878	2.34	12
10	First Security Realty Services Corp., Salt Lake City	2,938	2,994	1.93	47

Executive Changes

UCB Corp. Elects Sasser Chairman

Rhone Sasser, president and chief executive officer of United Carolina Bancshares Corp., Whiteville, N.C., has been elected to the additional post of chairman of the bank holding company. J.W. Adams, vice president, has been elected vice chairman. Mr. Sasser succeeds L.R. Bowers who retired from active management of UCB in 1983 and had served as chairman since 1978. Mr. Bowers will continue as chairman of the executive committee of the board of directors.

CHEMICAL BANK, New York, promoted **Albert E. Lawrence** to executive vice president. Mr. Lawrence is head of the world banking group's real estate division, which has responsibility for all real estate activities at the bank. Named senior vice presidents were: **Vivian H. Breitel**, chief credit officer of the commercial sector of the regional bank; **William N. Britton**, head of the regional bank's commercial division I in Manhattan; **Joseph A. DeLuca**, regional manger in the real estate division responsible for the Southwest, Southeast, Far West, Northeast, Alaska, and Canada; and **Stephen A. Laserson**, who oversees the bank's nationwide business with firms in the securities industry and the insurance sector.

COMFED MORTGAGE CO., Lowell, Mass., a subsidiary of Comfed Savings Bank, appointed **George Ehinger** vice president and loan officer for its New Haven, Conn., office and **Bruce C. Ocko** vice president and loan originator for the Danvers, Mass., office. Mr. Ehinger was formerly with MCI Telecommunications in Ryebrook, N.Y. Mr. Ocko was a mortgage representative for Boston Five Cents Savings Bank.

CONNECTICUT BANK & TRUST CO., Hartford, Conn., elected the following vice presidents: **Reid T. Birdsall**, marketing department; **Alfred F. Giuliani**, Stamford executive office; **Thomas Matteo**, East Hartford office; **Gerald A. Slater**, Byram office; **Pierre A. Paradise**, Winsted office; and **Deborah J. Rivosa**, private banking department.

FIRST BANKS, Minneapolis, promoted **Carol L. Anderson** to vice president of the corporate security division, FBS Services Inc.

FIRST EASTERN CORP., Wilkes-Barre, Pa., elected **Eberhard Faber** a director. Mr. Faber is chairman and chief executive officer of Eberhard Faber Inc.

NIAGARA SHARE CORP., a publicly traded investment fund based in Buffalo, N.Y., elected **Robert G. Wilmers** and **Patricia A. Bretherton** to its board of directors. Mr. Wilmers is chairman and chief executive officer of First Empire State Corp., a bank holding company based in Buffalo, and chairman, president and chief executive officer of its principal subsidiary, Manufacturers and Traders Trust Co. Miss Bretherton is senior vice president of Niagara Share Corp.

TWIN CITY FEDERAL SAVINGS & LOAN ASSOCIATION, Minneapolis, hired three new officers from outside the bank. **John D. Kightlinger**, previously at Fiduciary Counselling Inc., St. Paul, was named vice president and fixed-income portfolio manager. **Jason E. Korstange**, former vice president of commercial loans at Michigan National Bank, Sterling Heights, Mich., and **Paul D. McDonald**, former group vice president and assistant manager of the international division at Michigan National Bank of Detroit, were named vice presidents in corporate commercial loans.

— Franklin Smith

GMAC Unit Passes Lomas in Mortgage Servicing

Continued from Page 1

velopment loans, are excluded.

The *American Banker* tabulation includes servicing performed by commercial banks; independent mortgage companies; mortgage companies that are subsidiaries of other firms, including banks, bank holding companies, and thrift institutions; and holding companies whose major holdings are in mortgage companies.

The mortgage company business is actually two businesses. First, there is the origination business. A mortgage company originates first mortgages with its own or borrowed funds and then sells these loans to investors. The second business is servicing, which generally is more lucrative. For a fee, the mortgage company will continue to service the mortgages it sold to investors.

Servicing includes the collection of payments in accordance with the terms of the loan and the operational procedures covering accounting, bookkeeping, insurance, tax records, loan payment follow-up, delinquency loan follow-up, and loan analysis.

The *American Banker* survey also finds that the trend for acquisitions of entire mortgage banking companies continues. According to Lawrence J. Trautman, a senior vice president and director of mortgage banking industry practice at Donaldson, Lufkin & Jenrette Inc., New York: "During the past year, the trend has been for insurance and traditionally nonfinancial companies to be predominant mortgage banking purchasers as illustrated by General Motor's meteoric acquisition prowess, while commercial banks led the list of sellers. It is astounding to consider that General Motors, through GMAC, went from absolute last place among mortgage servicers to the nation's largest in mortgage servicing within just several months."

The main reasons for the sale of mortgage servicing subsidiaries by banks have been the pressure to raise additional capital to meet new federal regulatory requirements plus the high prices paid in the past several years for mortgage servicing companies.

The buyers will "continue their love affair with mortgage bankers in the immediate future," Mr. Trautman said. "Financial services niches such as mortgage banking should remain uniquely attractive to corporate strategic planners in other industries, as they constantly strive to discover businesses with significant profit potential."

Prices paid for servicing portfolios have been softening recently, down as much as 20% to 25% from the historically high levels of 225 basis points to 250 basis points of principal balance for attractive Government National Mortgage Association servicing. The main reason for the decline is that the high prices induced traditional mortgage bankers to sell significant amounts of servicing within the past two years, and the supply of servicing for sale has clearly exceeded demand.

Another factor that may be causing prices to soften is the surge in refinancings.

Other Survey Findings

The top 100 mortgage firms, the survey finds, had $397.8 billion in mortgages serviced for others on Dec. 31, 1985, up 16.6% from $341.3 billion for the top 100 mortgage servicers on Dec. 31, 1984.

Of the total, 37 commercial bank-related firms were servicing $149.8 billion, or 37.7% of the total. The 27 thrift-related firms were servicing $103.6 billion, or 26%. And the 36 other firms — those that are independently owned or owned by other types of financial services firms — were servicing $144.4 billion, or 36.3%.

Just one year earlier, as of Dec. 31, 1984, 41 bank-related firms accounted for $157.8 billion in servicing, or 46.2% of the $341.3 billion in servicing of the top 100 firms. The 25 thrift-related firms had $82.6 billion, or 24.2%. And the 34 other firms had $100.9 billion, or 29.6% of the total.

And just two years ago, as of Dec. 31, 1983, 45 bank-related firms had 48.1% of the servicing of the top 100 firms that year. Sixteen thrift-related firms had 17.4% of the total, and 39 other firms with 34.5% of the total.

Thus from 1983 to 1985, banks have lost a significant amount of market share to both thrift-related and other mortgage companies. And they are continuing to lose market share in 1986. Three major acquisitions of bank-related mortgage firms are currently under way:

• Manufacturers Hanover Corp. is in the process of selling Manufacturers Hanover Mortgage Corp., Farmington Hills, Mich., the nation's third largest mortgage company, with $14.9 billion in servicing, to Fireman's Fund Insurance Cos. for $260 million cash.

• PNC Financial Corp., Pittsburgh, is in the process of selling Kissell Co., Springfield, Ohio, the nation's 12th largest mortgage company, with $6.7 billion in servicing, to CityFed Financial Corp., Palm Beach, Fla., the holding company for City Federal Savings & Loan Association, Elizabeth, N.J., for $103.6 million. City Federal Savings was servicing $5.6 billion for others on Sept. 30, 1985, to rank sixth among thrift institutions. (A listing of the Top 100 thrifts in mortgages serviced for others, based on Sept. 30, 1985, servicing, will be published Tuesday.) According to City Federal, its servicing portfolio totaled $6.2 billion at yearend. If the Kissell acquisition had occurred by yearend, City Federal would have ranked as the fifth largest mortgage servicer, with combined servicing of $12.9 billion.

• And, as mentioned above, Lomas & Nettleton is acquiring the $2.94 billion servicing portfolio of First Security Realty Services.

If these acquisitions had taken place at yearend 1985, the commercial bank share of the servicing total of the top 100 firms would have been 31.5%, while the thrift share would have risen to 27.7%, and the share of all other firms would have been 40.8%.

➳ **Servicing: Page 47**

The Top 100 Mortgage Servicers

Changes in Market Share: 1985 Compared with 1984 and 1983

	Number of Firms			Servicing Total ($Bil.)			Percent of Total		
	1985	1984	1983	1985	1984	1983	1985	1984	1983
Bank-Related	37	41	45	149.8	157.8	144.4	37.7%	46.2%	48.1
Thrift-Related	27	25	16	103.6	82.6	52.2	26.0%	24.2%	17.4%
All Other	36	34	39	144.4	100.9	103.4	36.3%	29.6%	34.5%
Total	100	100	100	397.8	341.3	300.0	100.0%	100.0%	100.0%

Dear Reader, How Are We Doing?

The American Banker wants very much to make sure its coverage of the financial services industry meets your information needs. So would you spend a moment to give us some feedback on the **Top 100 Firms in Mortgage Servicing** survey that appears in today's edition? Over the past year we have incorporated many of your suggestions to provide more meaningful information. Please return this questionnaire to L. Michael Cacace, Statistical Chief, American Banker, One State Street Plaza, New York, N.Y. 10004 (212) 943-4836.

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Germania Buys Ailing S&L to Become 1st Thrift in Both Illinois and Missouri

Special to the American Banker

ST. LOUIS — An Illinois savings and loan has quietly slipped into neighboring Missouri, even though a bill on permitting interstate thrift operations is still pending in the Illinois State Legislature.

Germania Federal Association of Alton, Ill., last Wednesday announced its acquisition of the ailing Washington First Federal Savings and Loan Association, making it the first thrift to operate in both states.

Washington First Federal, based in Normandy, Mo., a St. Louis suburb, had been in receivership since April 1985. It had three offices and assets of $58.7 million, but its net worth was a negative $1.3 million.

Germania plans to move quickly to take advantage of its unique franchise. Edward L. Morris, Germania's president, said the thrift will apply to turn its two Missouri loan origination offices into full-service branches.

"Our task will be to take the Germania reputation and marketing ability and operate full service in Missouri," Mr. Morris said.

Germania, which has headquarters in Alton, Ill., about 25 miles from St. Louis, has assets of $559 million.

Germania, meanwhile, has participated in the Missouri loan market. Its loan origination offices, less than two years old, originated $18 million in mortgages — 10% of Germania's total — last year.

Mr. Morris said the Illinois association paid no cash for the acquisition and received no cash assistance from the Federal Savings and Loan Insurance Corp. He noted that Washington First Federal's loan portfolio was "absolutely clean," primarily because it had not been an active lender for several years. Its problems stemmed from an inability to rebound in the early 1980s from the poor interest rate spread on its portfolio of fixed-rate loans. Mr. Morris said Germania should be able to operate the offices "on a break-even basis starting immediately."

Germania's move was made possible by a loan from Joseph L. Mason, a home builder who owns 21% of the thrift's stock. Mr. Mason bought $1.5 million of convertible subordinated debentures in March to increase Germania's capital to a level acceptable to the FSLIC. The 9% debentures mature in 1993. However, Mr. Mason indicated that he might be interested in converting them to common stock before they mature, a move that would increase his stake to over 30%.

Mr. Mason had submitted his own bid for Washington First Federal two years ago. He dropped that bid because, in his words, "The Federal Home Loan Bank Board moved too slowly." He said that Germania's application proceeded more swiftly because it has the assets and ability to operate and advertise the Missouri offices better than an individual could have.

Germania is discussing a second public stock offering, but shareholders last week approved a rights issue that would allow Mr. Mason to maintain his percentage ownership.

Germania is not the first out-of-state thrift to move into Missouri. In 1981, Homes Savings of America of Los Angeles acquired Hamiltonian Federal Savings & Loan Association in St. Louis in an FSLIC-assisted transaction. ■

Credit Card Rate Bill Loses, but Check-Hold Bill Wins in Missouri

Special to the American Banker

ST. LOUIS — An effort to knock down interest rates on credit cards has been defeated in the Missouri legislature.

A House-passed bill that would have lowered the ceiling on credit cards rates in Missouri died in conference committee as the legislative session ended. Senate banking committee Chairman Danny Staples said that he was unable to assemble the four senators who were to sit on the committee.

The Missouri House's bill would have pegged the credit card rate ceiling, now 22%, at six percentage points above a bond index. The current maximum would have been about 15.2% under the bill.

Rep. James Riley, D-Richmond Heights, said the senators probably hoped the bill would just go away. "They want to come back next year and have a look at it," he said. "That's always a good excuse."

However, consumer groups won a victory on a check-hold bill in this year's Missouri legislature. The legislature passed a bill that would limit the holds that banks place on checks. It also sets a maximum charge of $15 for insufficient funds checks.

Under the measure, banks would have to let a customer draw on a check within six days after it was deposited. If the check was written on a bank in the same Federal Reserve district, the limit would be three days. ■

GMAC Unit No. 1 in Mortgage Servicing

Continued from Page 46

For the first time since the *American Banker* began to rank banks and mortgage companies on a joint basis 17 years ago, no commercial bank ranks among the top 100 firms. Data for the largest commercial bank mortgage servicer — Bank of America, San Francisco, which ranked 61st in last year's listing with $2 billion in servicing on Dec. 31, 1984, and which had $3 billion in servicing on June 30, 1985 — were not available.

Hibernia Bank, San Francisco, was the bank with the largest servicing portfolio reporting to the *American Banker*. Hibernia had $1.03 billion in mortgage servicing on Dec. 31, to rank 125th among banks and mortgage companies.

Also, among mortgage companies ranking below the top 100, two bank-related companies are seeking buyers, while one mortgage company was acquired by a banking firm.

Fidelity Bond & Mortgage Co., Philadelphia, said that its parent, Fidelcor Inc., is in the process of accepting offers for the company and its $1.15 billion mortgage servicing portfolio.

First Atlanta Mortgage Corp. said that its parent, First Wachovia Corp., is "exploring the possibility of a change in ownership" of the company. But as of Dec. 31, no offer had been solicited. First Atlanta Mortgage had a servicing portfolio of $1.13 billion at yearend.

On Feb. 25, 1986, Norstar Bancorp, Albany, N.Y., acquired Intercounty Mortgagee Corp., Hempstead, N.Y. Intercounty Mortgagee had $1.24 billion in servicing on Dec. 31.

Among the top 100 firms, one banking firm acquired a mortgage company from another banking company. North Central Financial Corp., Dayton, Ohio, which ranked 90th in servicing, with $1.6 billion, was acquired by Shawmut Bank Corp., Boston, from Third National Bank & Trust Co., Dayton, on Dec. 31. ■

Refinancings May Hurt Big Firms, Aid Small Ones

Continued from Page 1

The servicing companies that will be hardest hit by the refinancings are those firms that recently paid premium prices to service mortgages that are now disappearing from their portfolios. If these companies do not have a strong capacity to originate mortgages, they will have to acquire the new mortgages from those companies with these capabilities.

Lawrence J. Trautman, a senior vice president and director of mortgage banking industry practice at Donaldson, Lufkin & Jenrette Inc., New York, said the refinancings are causing "a transfer of wealth from major portfolio servicers to 'cottage industry' originators.

"Many aggressive purchasers of loan servicing during the past several years will find that their portfolios will 'run off' at levels never imagined in their wildest dreams, with the handsomely priced asset they've paid for simply disappearing as the borrower refinances with an originator possessing a superior point-of-sale capability," he said.

"The obvious corollary is that many relatively small mortgage bankers having strong loan origination capability may enjoy their best year ever."

The refinancings may also be a factor in the recent decline in prices paid for servicing portfolios. The *American Banker* has found a 20% to 25% reduction in the prices paid for servicing portfolios. The main reason for the decline in prices is that the supply of servicing for sale has exceeded demand as the recent high prices for servicing induced traditional mortgage bankers to sell their portfolios.

— L. Michael Cacace

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TOP THRIFTS IN MORTGAGE SERVICING — PAGE 18

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INTERNATIONAL BRIEFING: A further fall in the dollar now seems imminent..... 2

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Quote

There are a lot of mouths to feed. The selling bank, the insurance company, the investment bank, the lawyers, all want a piece of the deal. And the buyer has to get a good deal, too.

Jack C. Zoeller, president of Capital Risk Management Corp., commenting on the difficulty in securitizing investor notes. [Page 1]

Unquote

Random Thoughts

By SANFORD ROSE

The more things change, the more they remain the same. The words are familiar, even tired, but, alas, how true they are. The major problem of banking today is the lack of asset diversification. This problem is particularly severe for those institutions that are oriented toward wholesale borrowers.

Why the problem? In a recent speech, George Vojta of Bankers Trust has reminded us that there would be no need for financial intermediaries if markets were perfectly competitive. In perfect markets, borrowers and investors would have the time, information, and skills to deal directly with one another and to effect whatever transactions were needed. Banks come into existence because markets are not perfectly competitive, because information is not free and equally distributed across the marketplace.

Unfortunately, the marketplace is becoming progressively more efficient, gradually depriving banks of much of their traditional raison d'etre. In their history of Citibank from 1812 to 1970, Harold Cleve-

Random Thoughts: Page 4 ➤

Chemical Unveils All-in-One Package In Face of Steady Erosion to Citibank

By LAURA GROSS

NEW YORK — Chemical Bank's new consumer bank account package — ChemPlus —debuts at a time when it has been losing share of the New York retail deposit market rather steadily to Citibank over the past year and a quarter.

News Analysis

Among the major commercial banks, both Chemical, the city's fifth largest bank in deposits, and Manufacturers Hanover Trust Co., the third largest, have been growing — but much slower than No. 1 Citibank, which grew nearly 3% since December 1984, and at the expense of the other two.

This gigantic spurt in Citi's market share growth occurred following its introduction last January of the Citi-One account, a relationship pricing package like the newly unveiled ChemPlus plan that links the consumer's deposit and lending accounts into an integrated format, providing for easy transfers, payments, and reconciliations. Discounts on loans and breaks on deposit account service fees are given to individuals who maintain full deposit relationships and meet speeific requirements.

According to James W. Johnston, the Citibank division executive in charge of the consumer business in the northeastern U.S., Citi-One "has been the major contributor to our very, very significant growth over the past 12 months." He said that "virtually all of our customers switched to Citi-One" when the plan was introduced in January of 1985.

That doesn't mean, he added, that no new customers bought the package: "It attracted a lot of new customers, and some significant proportion of them would have to be from Chemical, so I

Chemical: Page 28 ➤

Thrift Turns Investor Notes Into Securities

Small Jersey Firm Arranges Packaging, Placement for Deal

By LYNN BRENNER

NEW YORK — Investor note receivables originated by City Federal Savings Bank, Piscataway, N.J., have been packaged and used as collateral for securities sold to an institutional investor in one of the first such transactions.

The deal was structured by Capital Risk Management Corp., a New Jersey-based financial management firm.

Capital Funding I Corp., a Capital Risk subsidiary, bought City Federal's investor notes — loans to limited partners — and used them as collateral for $7.3 million of 7.70% serial notes, priced at 99.63%, executives at Capital Risk said.

The serial notes, which carry maturities of up to four years, were insured by Financial Security Assurance Inc., rated AAA by Standard & Poor's Corp. and privately placed.

"These are two seasoned real estate partnerships which were closed two years ago," said Jack C. Zoeller, president of Capital Risk Management. "The underlying assets are apartment buildings in Atlanta, built about 12 years ago."

The transaction enabled the thrift to book "a substantial gain" and get the receivables off its balance sheet, Mr. Zoeller said.

At the same time, he said, City Federal was able to get a higher price than if it had sold the investor notes unpackaged.

"Unpackaged investor notes with AAA-rated insurance on them trade at about 150 to 200 basis points over Treasuries," Mr. Zoeller said. If the insurer is lower-rated, "they trade at

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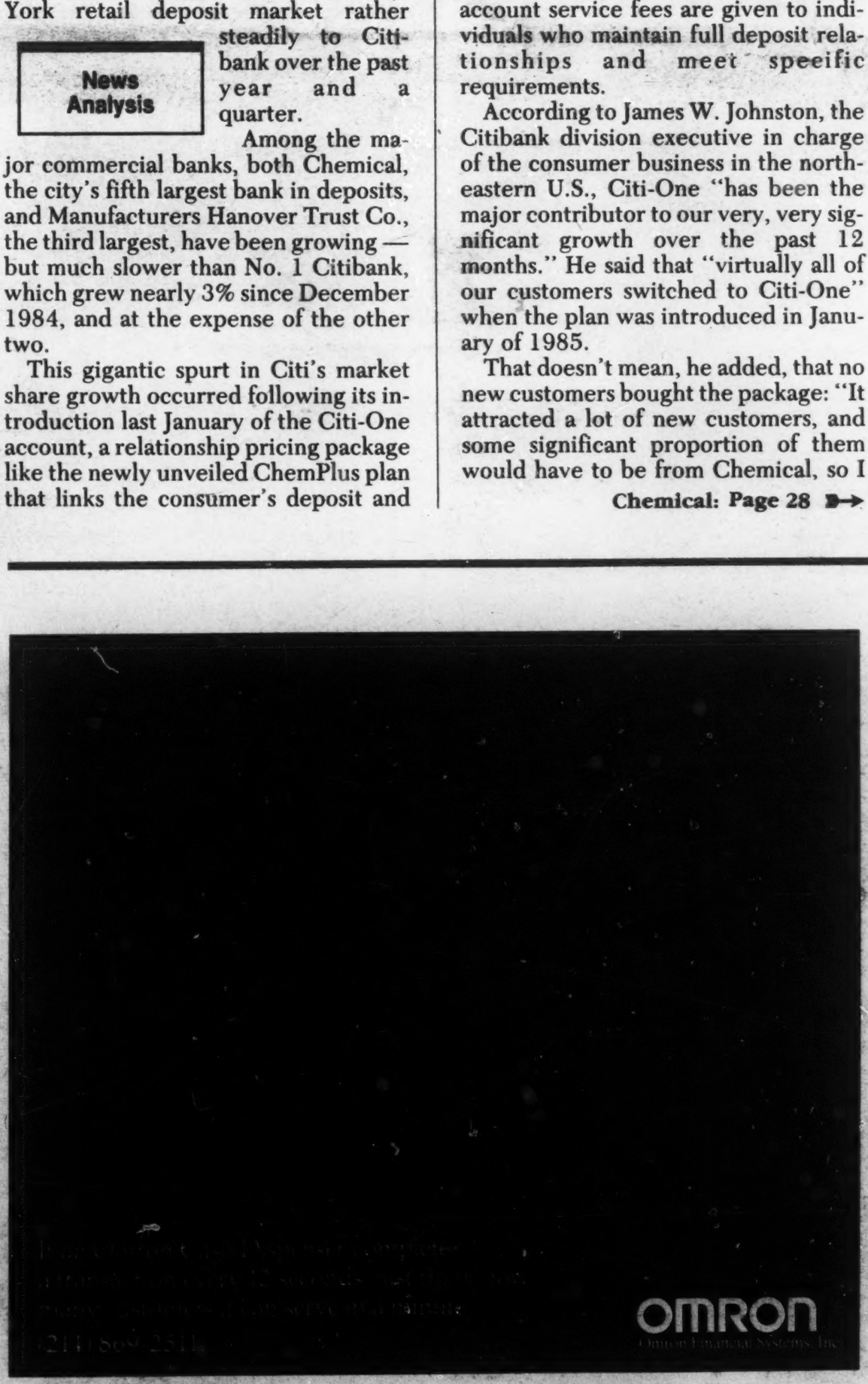

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